

J-49-G

July 27, 1993

To Our Customers:

In order for you to make an orderly transition to our new list prices effective with shipments August 9, 1993, this communication is intended to provide you further information regarding our plans.

- Inventory Price Adjustment Program

- An RJR Representative will contact you to make arrangements to take a complete physical on-hand inventory on either Thursday, August 5, 1993, or Friday, August 6, 1993.
- Inventory will be taken at each respective RJR direct buying customer ship-to address (stamping location) only. If RJR product is not located at the ship-to location address on August 5 or 6, the product will not be considered as part of the inventory count.
- The following RJR product will not be inventoried for payment:
 - * WINSTON \$4.00 off invoice product
 - * VANTAGE \$5.00 off invoice Convertible Box product
 - * SALEM Gold \$5.00 off invoice product
 - * Gratis portion of any Buy-Some-Get-Some-Free product
- * This product will continue to be invoiced at the current promotional list price after August 9, 1993 while supplies last.
- Only full cartons of RJR product packed within normal RJR cartons and cases will be inventoried (no loose packs).

- Retail Inventory Price Adjustment

- Below is a copy of the letter mailed to all retail customers on our files.
- This letter does not recommend a specific date for any pricing or adjustments, and it is our intent that retailers consult with you in determining their inventory and price management during this transitional period.

- Returned Goods Reminder

- In dealings with your customers, please remember that we only provide credit for returned goods that are damaged or become out of date in the normal course of business.
- We reserve the right to limit returned goods to an amount consistent with your historical average of returned goods. Quantities judged to be excessive will not be accepted. Please encourage your retailers to sell through all saleable product to consumers.

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- WINSTON Summer Promotion

- We will extend the ship date for all WINSTON \$4.00 off promotional product past August 4, 1993, until such time that quantities have been depleted from our public warehouses.
- Any product shipped on or after August 9, 1993, will continue to be invoiced at the current list price. In addition, you will continue to receive the \$6.00 per 12M case allowance on all cases purchased.
- This promotional product continues to remain more profitable to you than non-promoted WINSTON product purchased after the August 9, 1993 list price reduction.
- At the same time, our consumers will receive the price savings on the WINSTON promoted product.

Thank you for your cooperation in the marketing of our products.

R. J. Reynolds Tobacco Company

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